

Message Text

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PAGE 01 LONDON 03800 01 OF 03 071842Z
ACTION EB-08

INFO OCT-01 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10 INT-05
GSA-02 L-03 H-01 PA-01 PRS-01 OIC-02 SSO-00 NSCE-00
USIE-00 INRE-00 SP-02 AID-05 NSC-05 TRSE-00 SS-15
STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07
NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 IO-13 /133 W
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O R 071735Z MAR 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 1321
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AMEMBASSY JAKARTA
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FOR: EB/ISM - MR. LENAHAN
E.O. 11652: N/A
TAGS: EMIN
SUBJECT: TIN -- 4TH SESSION INTERNATIONAL TIN COUNCIL

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PAGE 02 LONDON 03800 01 OF 03 071842Z

REFERENCE: LONDON 3678

1. SUMMARY. 4TH SESSION OF THE INTERNATIONAL TIN COUNCIL (ITC), MARCH 2-4, 1977 ADOPTED A RESOLUTION WHICH MAY LEAD BOLIVIA TO RATIFY THE 5TH INTERNATIONAL TIN AGREEMENT (ITA), THEREBY PERMITTING THE AGREEMENT TO DEFINITIVELY ENTER INTO FORCE. DECISION ON A FURTHER

ADJUSTMENT OF THE PRICE RANGE HAS BEEN PUT OFF UNTIL JULY. UNDER THE TERMS OF THE RESOLUTION (SEE REFTEL) THE COUNCIL AGREED TO ATTEMPT TO ESTABLISH A SYSTEM FOR "OERIODIC REVIEW" AND "SYSTEMATIC ANALYSIS" OF ITC FLOOR AND CEILING PRICES FOR TIN METAL. A WORKING PARTY WAS ESTABLISHED TO DEVELOP THIS SYSTEM FOR APPROVAL BY THE NEXT SESSION OF THE COUNCIL (MARCH 29 - APRIL 1).

BOLIVIA COMMITTED ITSELF TO RATIFY SHOULD IT FIND THE NEW SYSTEM ACCEPTABLE. IF BOLIVIA DOES NOT RATIFY, AS THINGS NOW STAND THE 5TH ITA WOULD TERMINATE JUNE 30TH AND THE 20 YEAR OLD ITC WOULD BEGIN THE PROCESS OF LIQUIDATION. THE RESOLUTION WAS GENERALLY RECOGNIZED BY PARTICIPANTS AS A SIGNIFICANT ACT OF GOOD-WILL ON THE PART OF CONSUMERS IN AN EFFORT TO BE AS UNDERSTANDING AS POSSIBLE OF THE PARTICULAR PROBLEMS FACING BOLIVIA. NEVERTHELESS, THE SESSION WAS A GRUELLING ONE WITH BOLIVIA AGREEING TO TAKE A STEP TOWARDS MEETING THE CONSUMERS HALF-WAY ONLY AT THE LAST MINUTE. IN THE END THE PROBLEM MAY HAVE BEEN ONLY PUT OFF UNTIL APRIL. IN THIS EVENT, FOR CONTINGENCY PLANNING PURPOSES, THE POSSIBILITY OF PUTTING THE AGREEMENT INTO EFFECT BY A SPECIAL PROTOCOL, EXCLUDING BOLIVIA, HAS BEEN KEPT OPEN.

END SUMMARY.

2. CONSUMER GROUP (FEBRUARY 28): THE 4TH SESSION OF THE ITC WAS HELD MARCH 2-4, PRECEDED BY PRODUCER AND CONSUMER GROUP MEETINGS ON FEBRUARY 28 AND A MEETING OF THE HEADS OF DELEGATIONS WORKING PARTY, MARCH LST. AT THE FIRST CONSUMER GROUP MEETING, THE U.S., FRG AND JAPAN REPORTED LIMITED OFFICIAL USE

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PAGE 03 LONDON 03800 01 OF 03 071842Z

ON THE RECENT VISITS BY ASEAN MISSIONS TO THEIR CAPITALS. BOTH THE FRG AND JAPAN NOTED THEY HAD NOT CLOSED THE DOOR TO EVENTUALLY MAKING A VOLUNTARY BUFFER STOCK CONTRIBUTION, BUT ONLY IN CONTEXT OF "UNCTAD DEVELOPMENTS". (OUR IMPRESSION WAS THAT THEIR THINKING HAD NOT GONE VERY FAR).

3. CONSUMERS NEXT DISCUSSED A NINE PARAGRAPH "JOINT STATEMENT" ISSUED BY BOLIVIA AND THE ASEAN MISSION TO LA PAZ HEADED BY MALAYSIAN MINISTER HITAM. SPECIAL ATTENTION WAS GIVEN TO PARAGRAPH 7 WHICH APPEARED TO BE A UNILATERAL STATEMENT BY BOLIVIA SETTING ITS CONDITIONS FOR RATIFICATION. THIS PARAGRAPH READS: "WITH THIS IN MIND AND WITH THE UNDERSTANDING THAT EFFECTIVE ACTION WILL BE TAKEN BY THE COUNCIL ON THE LEVEL AND PERIODIC REVIEW AND SYSTEMATIC APPROACH TO THE DETERMINATION OF AN UPDATED PRICE RANGE, THE BOLIVIAN GOVERNMENT WILL DEPOSIT ITS INSTRUMENT OF ACCEPTANCE ON OR BEFORE 30TH JUNE, 1977. IN VIEW OF THE TIME FACTOR ACTION BY THE COUNCIL SHOULD BE TAKEN AS QUICKLY AS POSSIBLE."

4. HEADS OF DELEGATIONS WORKING PARTY (MARCH 1): AT THE HEADS OF DELEGATIONS MEETING THE NEXT MORNING THE PRODUCER CHAIRMAN (AGIDI) PRESENTED A STATEMENT EMBRACING THE JOINT STATEMENT BUT ADDING A "RESOLUTION" OF THE PRODUCER GROUP UNANIMOUSLY SUPPORTING:

- A) PERIODIC REVIEW OF PRICE RANGES AT REGULAR INTERVALS (E.G. 6 MONTHS) AND
- B) A SYSTEMATIC APPROACH FOR SUCH REVIEW "TO BE INSTITU-

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PAGE 01 LONDON 03800 02 OF 03 071844Z
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LIMITED OFFICIAL USE SECTION 02 OF 03 LONDON 03800

TED TO IDENTIFY PARAMETERS ON WHICH THE SECRETARIAT OR OTHER SUITABLE BODY WOULD RECOMMEND THE NEW LEVEL OF PRICE RANGES BEFORE PERIODIC REVIEW TAKES PLACE", (WORD LIMITED OFFICIAL USE

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PAGE 02 LONDON 03800 02 OF 03 071844Z

"RECOMMEND" WAS SUBSEQUENTLY CHANGED TO "PROPOSED"). THIS "RESOLUTION" ALSO INVITED CONSUMERS TO COMMENT ON BOLIVIA'S PAPER ON INDEXATION AND NOTED ALTERNATIVE PROPOSALS FOR SYSTEMATIC REVIEW WOULD BE WELCOMED FOR JOINT CONSIDERATION.

5. DURING THE AFTERNOON SESSION OF THE HEADS OF DELEGATIONS, THE UNCTAD LEGAL ADVISOR DISCUSSED A DRAFT PROTOCOL WHICH MIGHT BE USED FOR PUTTING THE AGREEMENT INTO EFFECT SHOULD BOLIVIA NOT RATIFY. THIS PROTOCOL WOULD BRING THE AGREEMENT DEFINITIVELY IN FORCE FOR THOSE COUNTRIES WHO DESIRE TO PARTICIPATE, BY MEANS OF ACCEPTANCE OF OR ACCESSION TO THE PROTOCOL. IN EFFECT, THE PROTOCOL WOULD REPLACE CHAPTER XVIII OF THE 5TH ITA, THEREBY BY-PASSING THE PRESENT ENTER-INTO-FORCE PROCEDURE. HOWEVER, NO RECOMMENDATION FOR FURTHER ACTION WAS MADE FOR THE MOMENT.

6. AT A CONSUMERS MEETING THE FOLLOWING MORNING, CONSENSUS WAS EASILY REACHED THAT THERE WOULD BE NO PARTICULAR TROUBLE WITH A PERIODIC APPROACH TO SETTING PRICE RANGES. CONSUMERS WERE WILLING TO CONSIDER A MORE "SYSTEMATIC APPROACH" AS WELL, BUT WERE NOT PREPARED TO ACCEPT INDEXATION. A U.S. "NON-PAPER" DRAFT RESOLUTION WAS CIRCULATED TO CONSUMERS. THIS IN EFFECT PROPOSED THAT CONSUMERS TAKE THE INITIATIVE BY MAKING A SPECIFIC PROPOSAL OF THE SORT OF THING THEY COULD LIVE WITH. WHILE OTHER CONSUMERS FELT SUCH AN INITIATIVE WOULD BE PREMATURE, THIS WAS THE FIRST OF A NUMBER OF "NON-PAPERS" AND WHEN LEAKED TO PRODUCERS, WAS SEEN AS A CONSTRUCTIVE DEVELOPMENT AND A SIGN OF CONSUMER GOOD-WILL.

7. 4TH COUNCIL SESSION - THE COUNCIL CLEARED AWAY ROUTINE MATTERS QUICKLY TO GET DOWN TO THE MAJOR PROBLEM PRESENTED BY BOLIVIA'S NON-RATIFICATION. EFFORTS TO DRAW OUT THE PRODUCERS ON SPECIFICS PRODUCED LITTLE NEW
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PAGE 03 LONDON 03800 02 OF 03 071844Z

EXCEPT FOR A SUGGESTION BY AGIDI THAT ANY SYSTEM AGREED UPON SHOULD PERMIT A REVIEW OF THE PRESENT PRICE RANGE BY THE COUNCIL BY JUNE 1, 1977. THIS WAS UNACCEPTABLE TO MOST CONSUMERS -- WHO FELT THAT A REVIEW SHOULD NOT BE UNDERTAKEN PRIOR TO THE THIRD QUARTER, AT THE EARLIEST BUT AT LEAST NO EFFORT WAS MADE BY PRODUCERS TO DISCUSS SPECIFIC PRICE LEVELS AT THIS MEETING.

8. CRISIS: THE MEETING ENTERED ITS CRISIS STAGE THE AFTERNOON OF MARCH 3, FOLLOWING A HIGHLY UNSATISFACTORY CONSULTATION BETWEEN CONSUMER CHAIRMAN, LEGOUX, (FRANCE) AND CARLOS ITURALDI OF BOLIVIA. IN A CONSUMER MEETING WHICH LASTED INTO THE EARLY EVENING, LEGOUX EXPRESSED THE MOOD OF THE CONSUMERS, AS "TIME TO SHOW THE STRONG STICK". THE FRG, SUPPORTED BY THE USSR, URGED RENEWED ATTENTION BE GIVEN TO EFFECTING THE AGREEMENT VIA PROTOCOL.

9. BREAKTHROUGH: LATER IN THE EVENING, LEGOUX AGAIN SAW ITURALDI, FINALLY SECURING HIS AGREEMENT TO THE TIMETABLE REPORTED IN REFTEL AND HIS PLEDGE THAT BOLIVIA WOULD MAKE A STATEMENT TO THE COUNCIL THAT IT WOULD RATIFY IF THE RECOMMENDATIONS ABOUT PERIODICITY AND

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*****. COMMENT: THIS WAS A USEFUL, IF GRUELLING, MEETING

IN THAT BOLIVIA FINALLY SEEMS TO BE TIED DOWN TO A TIME-TABLE. CONSUMERS, FOR ONCE, SHOWED SOME STARCH AND THERE WERE SOME INDICATIONS OF PRODUCER IMPATIENCE WITH BOLIVIA AS WELL. IN PRACTICAL TERMS, HOWEVER, WHAT THE RESOLUTION APPROVED BY THE COUNCIL DOES IS SHIFT THE BURDEN TO THE WORKING PARTY WHICH WILL MEET MARCH 9-11. BY THE END OF THAT MEETING WE SHOULD HAVE A FAIRLY CLEAR IDEA WHETHER BOLIVIA WILL RATIFY OR NOT AND CERTAINLY BY THE END OF THE NEXT COUNCIL MEETING ON APRIL 1ST. STICKING POINTS COULD BE EFFORTS TO INJECT SOME SORT OF AUTOMATICITY IN THE REVIEW PROCESS (SHORT OF OUTRIGHT INDEXATION) AND EFFORTS TO HAVE WHATEVER COLLATING BODY OR PANEL AGREED UPON TO MAKE A SPECIFIC PRICE RANGE RECOMMENDATION TO THE COUNCIL. BOTH OF THESE WOULD RUN INTO STRONG -- BUT PROBABLY NOT UNANIMOUS -- CONSUMER OPPOSITION.

11. REGARDING THE POSITIONS OF CONSUMER DELEGATIONS, NO "HARD CORE" BLOCK WAS IN EVIDENCE. IN GENERAL, THE U.S., U.K., FRG, CANADA AND JAPAN TENDED TO BE CONSERVATIVE BUT THERE WERE DIFFERENCES IN APPROACH ON SOME PROBLEMS AMONG THESE, E.G. THE FRG WAS HYPERSENSITIVE ON INDEXATION BUT JAPAN SPOKE LITTLE EXCEPT TO EMPHASIZE THAT ANY CONSUMER CONCESSION HAD TO BE LINKED WITH BOLIVIAN RATIFICATION. MOST CONSUMERS OPPOSED HAVING THE SECRETARIAT MAKE SPECIFIC RECOMMENDATIONS ON PRICE LEVELS AND PROBABLY ENOUGH WOULD JOIN THE U.S. IN OPPOSING A SPECIFIC RECOMMENDATION BY ANY PANEL OR BODY TO PREVENT THIS HAPPENING. WHILE OTHER CONSUMERS SEEMED WILLING TO ACCEPT THE NOTION OF SOME SORT OF A NEW PANEL TO COLLATE DATA (NOT RECOMMEND SPECIFIC PRICES) FOR USE BY THE COUNCIL IN DETERMINING PRICE LEVELS, THE FRG SAW DANGER IN THIS APPROACH, URGING THAT THE TASK BE GIVEN TO AN LIMITED OFFICIAL USE

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PAGE 03 LONDON 03800 03 OF 03 071847Z

EXISTING COUNCIL COMMITTEE. IN GENERAL, CONSUMERS PROBABLY EARNED HIGH MARKS FROM MOST PRODUCERS FOR PATIENCE AND FLEXIBILITY.

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Message Attributes

Automatic Decaptoning: X
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Review Release Date: n/a
Review Release Event: n/a
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